BRITISH COLUMBIA

BC STATS Infoline

Issue: **98-01** **6** Pages
January 9, 1998

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http://www.bcstats.gov.bc.ca

highlights

a weekly digest of recently released British Columbia statistics

Labour Force

- **British Columbia's unemployment rate fell 0.3 percentage points to 8.6% (seasonally adjusted) in December.** The decline in the unemployment rate occurred even though 9,500 fewer people had jobs. BC's labour force shrank by 17,800 people in December, and the decline in the size of the labour force was more than enough to offset the drop in employment.

  British Columbia and Saskatchewan (-1,600) were the only provinces where there were fewer jobs in December than in the previous month. Despite the decline in employment, Saskatchewan had the country's lowest unemployment rate (5.1%) in December. At the national level, employment increased by 61,700. This was more than enough to compensate for a 10,900-strong net departure from the labour force in December. As a result, the Canadian unemployment rate dropped 0.4 percentage points to 8.6%, its lowest level since September 1990. *Source: Statistics Canada*

- **British Columbia's help-wanted index rose four points between November and December.** Quebec's help-wanted index was also up four points last month. Nationally, the help-wanted index increased from 130 (1996=100) to 133, as the number of help-wanted ads rose in all provinces except Newfoundland and Prince Edward Island.

  Source: Statistics Canada

Housing

- **Housing starts in British Columbia fell for the second straight month in December.** Housing starts were down 3.5% (seasonally adjusted) from the previous month. Housing starts were weak in most parts of the country, with Ontario (4.4%) and Nova Scotia (32.4%) being the only regions where more new housing construction was started in December than in the previous month. As a result, housing starts increased only marginally (0.2%) at the national level.

  Source: Canada Mortgage and Housing Corporation

- **There were 29,600 housing starts in the province during 1997.** This was 6.9% more than in the previous year. Last year's performance was a marked improvement over 1996 (when housing starts increased only 2.2%. Nationally, the number of housing starts was up 20.6%, with six of the ten provinces posting double-digit gains. Alberta led the pack, with a 48.2% increase. Starts were down in Newfoundland (-14.8%), PEI (-14.3%) and New Brunswick (-8.5%).

  Source: Canada Mortgage and Housing Corporation

Bankruptcies

- **The number of consumer bankruptcies in British Columbia decreased 16.3% in October–the first time in two-and-a-half years that it has fallen.** There were 604 consumer bankruptcies in October, compared to 722 twelve months earlier. Consumer bankruptcies fell 4.8% at the national level.

  Despite the decline, there were 17.4% more consumer bankruptcies in BC during the first

Report **Back to the USA**

Did you know...?
In 1996, there were 438 balloons and 2 airships listed on the Canadian Civil Aircraft Register

ten months of 1997 than in the same period of 1996. *Source: Industry Canada*

- **Business bankruptcies in the province were down sharply in October, decreasing 28.3% from 12 months earlier.** There were 66 business bankruptcies in BC, compared to 92 in the previous October. Business bankruptcies were down in all parts of the country, decreasing 16.7% nationally. *Source: Industry Canada*

Cruise Ship Activities

- **Cruise ships made 298 voyages through the Port of Vancouver during 1997.** This was 3.1% more than in the previous year. Cruise ship activity along the BC coast has been increasing steadily, and the number of ships visiting Vancouver has risen from 256 in 1991 to 298 last year.

  These ships are carrying significantly more passengers than at the beginning of the decade. In 1991, there were 423,928 passengers embarking or disembarking at Vancouver. Last year, almost twice as many (816,537) cruise ship passengers visited the port. The volume of passengers increased 16.4%, growing by more than fifteen percent for the second straight year. Cruise ship activity in the Port of Vancouver has increased steadily since the early 1980s. *Source: Port of Vancouver*

Air Carriers

- **During 1996, average domestic discount air fares (seasonally adjusted) reached their lowest level ($129.10) since the first quarter of 1989.** Domestic discount air fares have been declining steadily since the beginning of 1995. Promotional seat sales, and the increased competition from new discount air carriers such as WestJet were major factors in this decline. *Source: SC, Catalogue 51-206-XPB*
- **Discount fares on international flights edged up slightly during 1996.** Seasonally adjusted international discount fares increased from an average of $299.40 to $302.90 between the third and fourth quarters of 1996. Nevertheless, discount fares on international flights remained well below the levels seen earlier in the decade.

  The "open skies" agreement between Canada and the US, which was implemented in February 1995, has resulted in increased competition among air carriers, and has led to the introduction of a number of new air routes between cities in Canada and the US. Transborder flights by large Canadian carriers increased 33% in 1995 and 25% in 1996. Flights by US carriers rose 20% in 1995 and 7% in the next year.
  Source: SC, Catalogue 51-206-XPB

- **Passenger revenue from domestic airline tickets sold in British Columbia reached $1.03 billion in 1996, an increase of 6.4% over the previous year.** Nationally, passenger revenues for domestic travel totalled $6.11 billion, up 7.5% from the previous year. BC's disproportionately high share of the total is probably due to the longer distances travelled by British Columbians who visit other provinces.
  Source: SC, Catalogue 51-206-XPB

Government Employment

- **Relative to its population, total public sector employment (federal, provincial and local ministries, agencies and crown corporations) in British Columbia was the second lowest in the country in 1996.** There were 91 public sector employees for every 1,000 people living in the province, compared to a national average of 96 per 1,000. Ontario (87) was the only province with a lower public sector employment to population ratio. *Source: SC, Public Institutions Division*
- **There were 279,749 people employed in British Columbia's provincial/local government sector in 1996.** This includes general government, universities, colleges, school boards and health and social services institutions, but excludes crown corporations. This translates into 73 provincial workers per 1,000 population. The national average was 75. Ontario (66) was the only province with a lower ratio than BC's. *Source: SC, Public Institutions Division*

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For data originating from Statistics Canada: data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the publication name or catalogue number.

Infoline Report:

January 9, 1998

BC Export Focus Swings Back to United States

Originally published in September 1997 issue of *Exports*. An annual subscription is $60 + GST

British Columbia's export markets are more diversified than those of any province except Saskatchewan. But during the 1990s trade has slowly become more concentrated in the U.S. market.

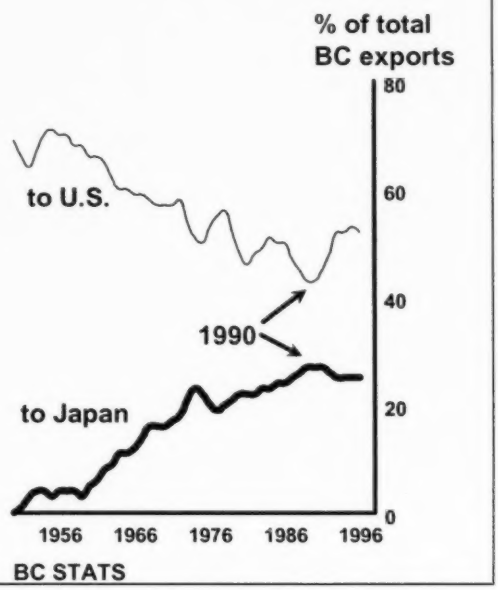
There are many reasons for this, but probably the most obvious is the reduction of trade barriers within North America through the Canada-U.S Free Trade Agreement, which first took effect in January 1989, and then later evolved into the North American Free Trade Agreement (NAFTA) including Mexico. In the nine years since the first Agreement came into effect, the portion of British Columbia's total exports shipped to the United States has risen from 43 per cent in the 1989 calendar year, to 56 per cent in the first three quarters of 1997.

The shift toward the U.S. during the 1990s is significant because it comes as a reversal of a forty year trend toward offshore markets.

The U.S. bound portion of British Columbia's exports fell gradually from post second world war highs of over 70 per cent in the 1950s, to lows of 43 per cent and 42 per cent in 1989 and 1990, respectively. This largely reflected faster growth in exports destined for Japan and Europe during their period of rapid post-war recovery. Along the way there were occasional short-term reversals of the trend, produced by slowdowns in U.S. economic growth occurring at intervals of five or six years. But the reversal that began in 1990 is the largest ever, and may mark the end of the long term trend.

North American trade liberalisation has not been the sole cause of accelerated growth of U.S. bound exports during the 1980s. Exchange rate changes have also had some affect, with changes in the portion of total exports destined for the United States paralleling changes in the Canada-United States exchange rate since 1980. This implies that, when the value of the Canadian dollar declines against the U.S. dollar, British Columbia exports to the United States grow faster than British Columbia exports to other markets. The relationship is not evident in the period from the 1950s up to 1980, possibly because it was overridden by other factors, such as fast rising exports to Japan and Europe.

Long Term Shift From US Market Reversed in the 1990s



One factor that may have constrained British Columbia exports to offshore markets in the 1980s and 1990s, has been growing international competition to export forest and mineral commodities. This development has affected exports to the distant markets of Europe and Asia more than exports to nearby U.S. markets. The European Union, for example, has turned increasingly to Eastern Europe and Latin America for its wood, pulp, mineral and energy supplies. Asian consumers of these commodities have found alternative sources in Latin America, Australia and New Zealand.

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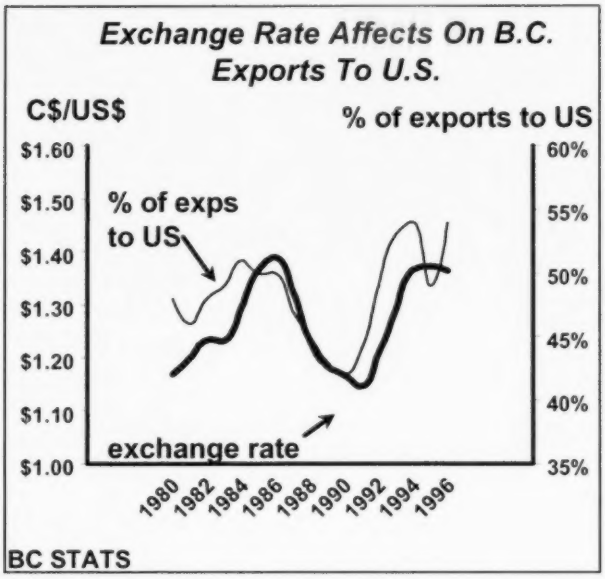

The changing product mix of British Columbia's exports is another factor tending to bind the province more tightly to North American trade flows. The raw or semi-processed forestry and mineral resource commodities that still constitute about two thirds of British Columbia's international exports have been the main reason the province is Canada's greatest exporter to Asia. But the fastest growing products in British Columbia's export mix are value added goods that sell mainly into the U.S. market.

Among the most important products in this broad category are machinery and equipment, accounting for 10 per cent of total exports in September 1997 year to date. These grew 129 per cent between 1989 and 1996, more than three times as fast as the 40 per cent growth of total exports. Similarly, plastic products and apparel, accounting for 1 per cent each of total exports, grew 238 per cent and 311 per cent respectively between 1989 and 1996.

The bulk of value added exports are shipped to the United States. For example, the American market absorbed 71 per cent of British Columbia's machinery and equipment exports in 1996, 88 per cent of plastic product exports and 93 per cent of apparel exports. These percentages compare with only 20 per cent of metallic mineral products shipped to the United States, 30 per cent of energy products, 45 per cent of pulp and paper products, and 62 per cent of solid wood products.

Much of the increased North American trade in secondary manufactured products in this decade has been produced by the ongoing integration of continental manufacturing industries. As tariff barriers have fallen under NAFTA, cross border procurement arrangements have been established whereby parts for goods assembled in one North American partner are sourced in another. A British Columbia example might be a lower mainland aerospace manufacturer supplying components to Boeing's 747 assembly plant in Everett Washington.

This sort of cross border trade has long been a substantial part of Ontario and Quebec Auto Pact trade with the United States. The wider integration of North American manufacturing that has taken place under NAFTA has bound the economies and trade of machinery and equipment producing provinces, mainly Ontario and Quebec, very firmly to the United States. In 1996, after six years of continental trade liberalisation, the U.S bound portion of exports from Ontario had risen to 90 per cent, up from 86 per cent in 1990. For Quebec, it was up to 80 per cent in 1996, from 76 per cent in 1990.

British Columbia, with its 54 per cent of exports destined for the United States in 1996, and 56 per cent in September 1997 year to date, is still a long way from Central Canadian levels of dependency on the United States market. But the rapid growth of value added exports to the United States, particularly exports of machinery and equipment and plastics products, suggests that British Columbia's secondary manufacturers are also becoming tied into the integrated North American manufacturing economy.

NAFTA rules have provided British Columbia manufacturers with security of access to U.S. markets, and also security from Canadian trade barriers that might otherwise have restricted their access to U.S. made production compo-

nents. This security has encouraged investment in production facilities geared to compete in the huge North American market. Because the United States is such a large part of that market, it is likely to become the destination for a growing portion of the province's exports, and also the origin of a growing portion of its imports.

Over the short term, at least , there is unlikely to be any counterbalancing increase in resource commodity exports to Asia. Recent turmoil in Asian financial markets is expected to produce slower growth in that part of the world, something that must lead to weakened demand for imports.

In the meantime, the rapidly expanding economies of Latin America have presented opportunities for British Columbia exporters, particularly those with products and services needed for infrastructure development and natural resource processing industries. The NAFTA driven expansion of British Columbia secondary manufacturers and professional service companies within the North American market should help in this. Experience, capital, production and marketing systems developed through gearing up to compete in North American markets will provide a good base from which to confront European and American competition in Latin America and in other offshore markets.

Infoline

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fax transmission information service from **BC STATS**

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BC at a glance . . .

POPULATION (thousands)	Jul 1/97	% change on one year ago
BC	3,933.3	2.0
Canada	30,286.6	1.1
GROSS DOMESTIC PRODUCT		% change on
(BC - at market prices - $ millions)	1996	one year ago
Current Dollars	103,631	1.7
Constant (1986) Dollars	74,001	1.0
TRADE ($ millions)		
Manufacturing Shipments (seas. adj.) Oct	2,813	-4.7
Merchandise Exports (raw) Oct	2,014	-14.2
Retail Sales (seasonally adjusted) Oct	2,760	4.9
CONSUMER PRICE INDEX		% change on
(all items - 1986=100)	Nov '97	one year ago
BC	139.6	0.6
Canada	138.0	0.9
LABOUR FORCE (thousands)		% change on
(seasonally adjusted)	Dec '97	one year ago
Labour Force - BC	2,011	-0.4
Employed - BC	1,838	-0.3
Unemployed - BC	172	-2.2
		Dec '96
Unemployment Rate - BC *(percent)*	8.6	8.7
Unemployment Rate - Canada *(percent)*	8.6	9.7
INTEREST RATES (percent)	Dec 31/97	Jan 1/96
Prime Business Rate	6.00	4.75
Conventional Mortgages - 1 year	6.65	5.20
- 5 year	7.05	6.95
US/CANADA EXCHANGE RATE	Dec 31/97	Jan 1/96
(avg. noon spot rate) Cdn $	1.4291	N/A
US $ *(reciprocal of above rate)*	0.6997	N/A
AVERAGE WEEKLY EARNINGS		% change on
(industrial aggregate - dollars)	Oct '97	one year ago
BC	615.79	0.2
Canada	597.26	0.3

SOURCES:
Gross Domestic Product: Statistics Canada, revised by BC STATS
Population, Trade, Prices, Labour Force, Earnings: Statistics Canada
Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

Due to the weather caused state of emergency in Ottawa, the Bank of Canada did not release *Weekly Financial Statistics* on January 9 as planned. Financial data above are one week out of date.

You asked for it

We hope to have fielded our last complaint that not enough back issues of *Infoline* are available on our Web site. Now all 1997 issues are up and you can recall them from the title of the report that was included in the issue. Thank-you for your suggestions. Our recent move to a larger server made it possible to fulfil this one.

Census series expands

Our 1996 Census Fast Facts series continues to expand with a ninth issue: Focus on Language in BC: Mother Tongue & Home Language. Find this series on our Web site.

Tootin' our own horn

We recently received this note from a firm listed in the *British Columbia Manufacturers' Directory*.

> *"Your directory has helped us in getting our product to the U.S. We have doubled our sales. Thank-you."*

We publish the *Manufacturers' Directory* every year in print and electronic formats. Every listing is verified each year ensuring that this is the most accurate source possible. The 1997 Directory is available now in print for $45 plus taxes. The electronic product is Windows based, capable of producing reports and mailing labels, and priced at $250 plus taxes. (560 pages or six disks). For ordering information call

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Released this week by BC STATS

- Exports, October 1997

Next week

- Labour Force Statistics, December 1997

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